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and Public Affairs

Major News Releases and Speeches

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Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

**Prepared for delivery by Secretary of Agriculture John R. Block
before the Annual Meeting of the Cooperative League of the USA in
Washington, D.C., Oct. 25.**

I'm really pleased to be here. Not only are you a good audience, but you represent a segment of our economy which I have participated in during my years on the farm. My family has been involved with cooperatives for many years. We even helped initiate a few.

You've grown since that time, both in size and number. Today, five out of six farmers use cooperatives—to market their products, purchase their supplies or provide other services.

You are at the end of another successful observance of National Cooperative Month. I am impressed with the tremendous job you are doing in "Building a Better America."

In farm marketing and supply, rural utilities and farm credit—the American cooperative systems are among the most developed in the world. And one of the reasons for this strength is that early in your beginnings—back about 50 years—cooperative development was enhanced by farsighted federal programs which your industry helped formulate. I am proud of the role government has taken in assisting your development. It proves that when government and the private sector work side by side—they can make things happen.

Cooperative systems are an integral part of our nation's agricultural industry. What affects agriculture has an impact on many co-ops as well.

A year ago, agriculture and its farmers were reeling from the combined one-two punch of bumper crops which increased supply, and worldwide recession which reduced demand. Though the government was making record price support outlays, a number of farmers were facing financial ruin.

Clearly, the policies and programs of the past weren't working. This was when PIK was developed as an innovative—and temporary—program. I realize the side effects have been hard on some of you. I am also aware that—for a variety of reasons—the business volume of farmer cooperatives declined 3.3 percent this past year. And net

margins fell nearly 41 percent. But we don't see this as a continuing trend.

Overall, I feel strongly that PIK is an outstanding success. It has accomplished what it was created to do. It has cut surpluses and put dollars back into the pockets of our nation's farmers.

These dollars can be spent in your cooperatives to buy equipment, fertilizers, seed and chemicals. They can be used to repay loans to credit unions and banks and fuel the economic life of the rural community.

Equally important, PIK helped trigger the reduction of support spending for FY '84 to a projected \$6 billion—down from \$19 billion in FY

There is no question that one of the objectives—to reduce supply—was helped by the drought. Certainly, that kind of help we didn't need. But we can be thankful that PIK, Federal Crop Insurance and our Farmers Home Emergency Loan program helped blunt its impact.

PIK and drought have been getting the lion's share of attention. However, an equally important story involves the world marketplace.

When the figures for fiscal 1983 come in near the end of this month, we expect they will show the value of agricultural exports down 12 percent from the previous year. We estimate that volume will be down 9 percent. That's the bad news. Now let's look at some more positive things.

The coming year offers a chance to reverse these trends. We expect higher prices for some commodities, an increase in demand for feed grains and an improved trade climate with the Soviet Union and China.

We negotiated a larger long-term grain agreement with the Soviets. We successfully concluded textile negotiations with China. These are the two countries which have the greatest potential for U.S. export growth. But there's going to be competition—stiff competition.

This competition continues to increase as exporting countries continue to seek new markets. As a result, the European Community has not let up on subsidizing the export of all of its major agricultural commodities.

This administration is firmly committed to a liberal world trading system for agriculture based on comparative advantage. Our No. 1

priority in trade policy is to continue to adhere to the principles of free trade.

We are seizing every opportunity to hammer on the need to bring subsidies under control. In the meantime, we have not discarded our options for countering their use while we pursue a solution.

As Secretary of State Shultz said at the Summit Conference: "We think that our capacity to persuade (the European Community) will be a lot greater if it's clear to everybody that if we must play that game, we can play it—and we have a deeper pocket than they do."

Beyond Europe, third world nations are an area full of potential trade growth. Developing cooperatives in these countries is one way to help strengthen their economies so that they can buy American agricultural products.

I realize I'm preaching to the choir. Besides your work with the U.S. Agency for International Development, the Coop League is building a network of influence and support for its overseas cooperative development activities.

You helped found CARE. You remain active and influential in its efforts.

You are assisting cooperative leaders in India in establishing a network of 8,000 cooperatives to process peanuts and other oilseed crops for vegetable oil, an important component of the Indian diet. As a result, India is a new market for U.S. exports of soybean oil for direct consumption.

You are involved across the globe: Developing a fruit and vegetable marketing society in Egypt, assisting cooperatives in Java and educating farmer members in the Gambia. In July, you joined USDA's Cooperative Service and others to sponsor a conference on export trading companies. ETCs can be an important way for smaller entities to enter the export market.

This expands our overall exports and brings diversity to our agricultural exports. Exporting value-added products is an area that is largely untapped in this country. It has tremendous potential for trade growth.

All this work is needed. But to be fully effective, it must be supported by domestic programs that also facilitate export trade.

The export market is U.S. agriculture's growth market. To fully compete in that market, agriculture must be able to respond to market conditions.

Our system of price supports and reserves seemed to work during the rising market demand of the '70s when flexibility was not needed as much in our farm programs. But when price declines came in the '80s, U.S. agriculture was locked in by the same type of programs. To add to the problem, target prices began to encourage production, both foreign and domestic, in a time of falling demand.

Now we realize there must be a better way. I believe there is.

Soon we will be writing a new farm bill. I see it as the opportunity to set agriculture on a more prosperous path—to better address our long-term needs. Toward that end, I hosted an agricultural summit meeting this summer. Bob Beasley of Farmland Industries was your representative.

The summit did not solve any current problems. That was not our intent. What it did do was to begin a dialogue on the future of agriculture.

Then, just a few days ago, you helped coordinate another meeting at Block Farms where agricultural leaders had an opportunity to talk shop with Vice President Bush. It was a thrilling exchange as we looked at the big picture.

We looked at farm programs that are projected to cost at least \$18 billion this year. That is too high. We must remember that budget controls and less spending are still critical to full economic recovery.

We looked at the public responsibility to share the farmer's risk. It cannot embrace absolute price protection without regard to the marketplace.

And we looked at a domestic economy that is gaining speed. The inflation rate has been dramatically reduced from above 12 percent in 1980.

Last week, industrial indicators showed that manufacturing levels are increasing. Businesses are beginning to rebuild inventories. Cooperatives, too, are starting to stir after going through a difficult economic period.

Just as farmers and other citizens tightened their belts during the recession, farmer-owned cooperatives had to adjust their activities.

They adopted long-range management strategies to increase the stability of their organizations. As a result, many cooperatives have firmed up their operations. They are well-positioned for a strong performance.

With cooperatives, as it is with other businesses, success is often tied to volume. In many cases, that sales volume depends on a healthy productive agriculture. This, in turn, depends on a strong domestic and international market demand.

As coop leaders, you know you can't afford to lose touch with close-to-home issues. The agricultural cooperative's lifeline is the farmer member.

But it has been a long time since the U.S.—or the cooperative system—was able to exist in an insulated and largely self-sufficient economy. Now, we must all add an international orientation to our thinking and planning.

Dealing with the modern world in a realistic manner does not mean that we cannot or should not have high hopes. Ralph Waldo Emerson's advice in 1870 still holds good. He told Americans to "hitch your wagon to a star."

I think that the American cooperative movement has hitched its wagon to a star. I have a great deal of confidence in its future. I look forward to sharing that future with you.

Thank you.

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Prepared for delivery by Secretary of Agriculture John R. Block at Meharry Medical College's National Conference in Nashville, Tenn., Oct. 27.

Thank you for giving me this opportunity to address you today. It is certainly a privilege to come before this distinguished and learned group of people.

Yesterday and today, you've heard a good deal about micro-nutrients. You've discussed these tiny, tiny particles and the effect they can have on the health of an individual human body.

My knowledge of this subject is limited, but my appreciation is great. I do know this: Just as the health and strength of an individual human body depends on the presence of certain nutrients in its composition, so the health and strength of a nation depends on the presence of certain elements in its national makeup.

I want to concentrate today on two of those necessary elements—nutrition and education.

Those cultures which survived throughout history were those which—among other accomplishments—were adequately nourished. Ancient societies were well aware of this. Think of the number of biblical stories that involve miracles with food. And the historical celebrations in conjunction with planting and harvest. We still have them today.

And even today, the federal government is deeply committed to improving the supply of wholesome and nutritious food for the people of this nation. We want to help insure that all our citizens can get a proper diet.

USDA's Food and Nutrition Service oversees the permanent federal feeding programs such as food stamps, school lunch and food distribution. We now have in place an impressive array of food assistance programs. These subsidize—in part or in whole—some 95 million meals a day. In addition, more than 10 million people have taken part in our special distribution of surplus commodities.

President Reagan and I share your concern that many of our food stamp recipients still do not consume a nourishing and healthy diet. This is why our Human Nutrition Information Service has developed food guides and food plans at different cost levels. Still, these can only be guides. No one wants the federal government to take a big brother role and decree what should be on the nation's dinner plates. This is where I ask for your help.

It is part of your task as health professionals to help educate Americans to better eating habits. One of the purposes of this conference is to get the knowledge out of the laboratory and into the grocery carts of this nation.

A number of recent developments have increased interest in human nutrition research. We see a growing conviction that proper nutrition is a primary component in preventive health care. And we see more

interest in the relationship between diet and many chronic degenerative diseases in the United States. The high incidence of hypertension among blacks certainly needs to be studied.

I know that these areas are arousing your concern at Meharry. Especially with your special interest in the health of minorities and disadvantaged citizens.

We in the U.S., of course, do not limit our concern to the nutritional well-being of our own people. We are painfully aware that 300,000 children are born every day into a world in which some 500 million people are underfed.

People who do not eat well cannot function well in their everyday lives. Children who are hungry cannot learn the lessons they will need to survive. And where there is hunger and its associated diseases, economic and social development cannot take place.

The United States is the most powerful force in the world's increasingly interdependent food system. We must realize that decisions we make not only affect America today and tomorrow—they also impact upon the six billion people who will inhabit this earth by the year 2000.

In practical terms, our commitment to the Food for Peace program has meant almost 300 million metric tons of farm products valued at \$30 billion—plus an additional \$10 billion for transportation costs. The U.S. has provided more food aid than all other countries combined to combat hunger and encourage economic advancement in developing countries.

Solving the problems of these countries is much more complex than simply pouring in food. In Africa, for example, storage, transportation, distribution, and other problems conspire to prevent food from getting to those in need.

At the same time, we must be certain our assistance does not undermine agricultural development in the recipient countries. Despite the difficulties, \$4.7 billion of food aid has gone to African nations since 1954.

Now, let's turn our focus to education.

Of course, education and career opportunities are what Meharry is all about. And you can be proud that Meharry is the largest single source of black physicians and black dentists practicing in our nation

today. But that's not the extent of your contribution. You have also been the training ground for nearly half of all blacks presently holding faculty positions in U.S. medical schools.

This administration has long recognized the significant contribution that historically black colleges and universities have made to the education of black Americans. Some 30 percent of all degrees conferred on blacks nationwide were presented by these institutions. More than 85 percent of black lawyers and physicians in America completed their undergraduate training there.

More specifically, look at the major contribution made by Charles Drew at Howard University. His discovery of a way to preserve blood plasma has saved countless lives. Historically black colleges and universities continue to be major black educational resources.

As part of President Reagan's ongoing commitment to help strengthen that contribution, he issued Executive Order 12320 on Sept. 15, 1981. This was designed to strengthen historically black colleges through their increased participation in federally-sponsored programs and involvement of the private sector.

As a direct consequence, during 1982, black schools received \$564.5 million in federal grants and contracts. This was an increase of \$19.6 million over last year. It represents 5.7 percent of all federal dollars for higher education.

In 1982, other agencies significantly increased their funding levels for historically black colleges and universities.

The Veterans Administration raised its funding by 313 percent over FY 1981; the Agency for International Development by 179 percent; the Department of Transportation by 158 percent; and the Department of Housing and Urban Development by 106 percent.

While all these facts and figures can convey a quantitative measure of the President's commitment, his specific action on behalf of Meharry Medical College provides a qualitative example of his compassion and concern.

You know that last year serious academic and financial problems threatened the survival of this vital institution. Meharry was in danger of losing its accreditation from the Liaison Committee on Medical Education. It lacked access to enough patients to provide its students with the proper clinical training.

Then, when you challenged Vanderbilt University Medical School's monopoly on clinical training at Nashville's two tax-supported hospitals, you started a chain reaction. Expressions of support soon swelled until your voices became a chorus. And it was heard at the White House.

President Reagan became personally involved. He dismissed the \$29 million debt Meharry owed the federal government on the construction of Hubbard Hospital. I'm sure many of you attended the "mortgage burning" ceremony last February to celebrate the fact that Hubbard had become college property—free and clear.

President Reagan also directed that the facilities of the Veterans Administration Hospital in Murfreesboro be upgraded for the use of Meharry. Over the next three years, this will provide the school with as many as 200 additional teaching beds for internal medicine and surgery.

All of this is part of our efforts in this administration, in this department, to reach out beyond the group of 1890 colleges—to develop a broader relationship between USDA and other black colleges. The sponsorship of this conference is one of these efforts.

USDA is concerned about the general well-being of all of our people.

For example, several months ago I became concerned by reports that land owned or controlled by black farmers had dropped—from a high of 15 million acres half a century ago, to less than four million acres at the start of this decade. I formed a special task force to study this decline.

I also asked the task force to review programs at USDA for their effectiveness in addressing the special problems of black farmers. I specifically asked for recommendations for changes in departmental policies and programs which would help them better serve these farmers.

That report is now in—with some very fine recommendations. One of them is that the Farmers Home Administration work closely with the Extension Service and the land grant colleges—1890 institutions where possible—to provide management assistance to black farmers.

The report also pointed out the very real need which is developing to draw young people into farm-related careers. We project an annual

need for nearly 60,000 new graduates in agriculture. But we project only 52,000 graduates available.

I want your help in a national educational effort to get out the word to black America on these career opportunities. We are attempting to ensure that the principles of equal opportunity are maintained in a time when care in government expenditures is still important to our nation's economic recovery.

Inflation has been reduced dramatically from the more than 12 percent in 1980. Our new economic growth is real. We must continue to keep an eye on the elements which sustain it—those elements which contribute to its overall health.

It is obvious to me that most large concerns are based on small individual elements. The impact of Meharry Medical College is national. But that national success rests ultimately on the personal involvement of each of you here and of other concerned individuals.

We can work together to make that future a reality.

Thank you.

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**Prepared for delivery by Secretary of Agriculture John R. Block
before the 50th Anniversary Meeting of Gold Kist, Atlanta, Ga.,
Oct. 27.**

It's a pleasure being here with you tonight, to help observe the 50th anniversary of this great cooperative.

Anniversaries, of course, are a traditional time for celebrating—a time to look back with pride and satisfaction at what has been accomplished over the years.

But you are celebrating more than just the passing of a half century of business. You can also take pride in an outstanding story of success in the best tradition of farm cooperatives and American agriculture. From your modest beginning in the cotton business, you have grown and diversified into a multi-billion dollar operation that stretches into nearly every corner of the globe. That took more than just a little share of luck. It took sound management and skillful leadership.

But in that process of growth, you have retained an essential ingredient that is so important to a successful co-op. You have a genuine concern for your members.

So tonight, I invite you to think beyond merely the immediate celebration. Instead, think about what really went into the building of Gold Kist. What has made this cooperative work, when others flirted with failure? And more important, ask yourself: How can I help to continue this success?

Over the years, it has been a tremendous privilege for me to have known and worked with men like D. W. Brooks, Charles Williams, Bill Gaston, Don Sands and the other men and women whose vision and leadership have helped you achieve financial success 47 out of the last 50 years.

That's a record that few corporations could match, especially when you consider the financial ups and downs which this nation and the world have struggled through.

We all know it's easier to convene a meeting of members than it is to achieve a meeting of minds. So, as you chart your future during this annual meeting, I trust that the convictions which brought you together will be more important than any differences that may arise.

I don't need to tell you about the importance of farm cooperatives to American agriculture. Like all co-op members, I share with you a strong conviction that farmers can do a lot more together than anyone can do alone.

We've all had to tighten our belts to weather this recession. Though we're not out of the woods yet, I'm confident we are on the road to recovery. Especially compared to a year ago when the picture was pretty grim. Many farmers were threatened with financial ruin, even though government outlays for price supports were at record levels.

The policies of the past weren't working. Yet, there was a small chorus of voices pushing for even higher supports and mandatory controls.

Something had to be done and it had to be quick.

Farmers couldn't wait for long range solutions. Neither the taxpayers nor the economy could afford the billions of dollars it would take to buy our way to prosperity—if, indeed, prosperity can be purchased. I, frankly, don't think it can.

That's why we implemented the PIK program. We knew it would cause some problems. But those odds were a lot better than any of the alternatives.

PIK has accomplished what it was intended to do. Without question, the drought has had an impact, too. Surpluses have been cut, and farmers are beginning to see some money in their pockets.

A lot of those dollars will be spent to buy seed, fertilizers, chemicals and new equipment. In fact, the economic experts are forecasting a 15 to 20 percent increase in sales of these products in the coming year.

That's the domestic scene. There's still another story unfolding in the international marketplace. Let's take a look at it.

A year ago we were faced with a global recession, huge stocks of major world crops, a strong U.S. dollar, mounting debts among developing countries and predatory competition by some of our allies. I wish I could tell you that all of these conditions have changed—but they haven't. The situation is still urgent.

We expect the export figures for fiscal 1983 to be 12 percent below those for last year. Volume will be down 9 percent, as well. But I like to look at the brighter side, and in this case we don't have to look far.

The coming year offers some opportunities for reversing this downward trend in exports. This is partly due to the expectation of higher prices for some commodities, a slight increase in the demand for feed grains, and a better climate for trading with the Soviet Union and China.

We also expect competition from other exporting nations to be just as intense as it has been in the past. They have large supplies to dispose of, too, and this year's world harvest will add to those stocks.

Further, the European Community has not relaxed its policy of subsidizing exports of all its major commodities, including poultry. Those subsidies are costing American agriculture between \$3 and \$4 billion in lost sales.

We have been hammering away at these EEC subsidy policies, and we shall continue to do so. No opportunity will be overlooked. At the same time, we shall continue to use whatever options are possible to counter these and other restrictive trade practices.

We are committed to a liberal world trading system for agricultural products that is based on comparative advantage. We shall adhere to

the principles of free trade, and will work until those principles are reflected in the accepted customs and rules for all international agricultural trade.

The export market is American agriculture's number one growth area. But if we're going to compete in that market, we must be able to respond to market conditions. That means we also must make some changes in our own policies.

Our system of price supports, target prices and reserves worked well during the rapid rise in export demand of the 1970s. But, when worldwide economic conditions began to stagnate two years ago, we found ourselves locked into price floors that exceeded market-clearing levels.

To make matters worse, those escalating price supports and target prices encouraged greater production—both foreign and domestic—at a time when demand was falling.

In the coming year, we'll write a new farm bill. This is an ideal time to restructure agricultural policies, and do a better job of addressing the long-term needs of our dynamic industry.

To start that process moving, I hosted an agricultural summit meeting in Washington last summer. Gaylord Coan was there from Gold Kist. As he will tell you, we did not attempt to solve any of our current problems. Instead, we started a dialogue on the future of American agriculture. We focused on how to keep the current problems from happening all over again.

Last weekend, we continued that broad-based dialogue at another roundtable held at my farm in Illinois. This time, Vice President Bush was there to take part in the discussions.

We covered a lot of ground in those discussions—from the impact of the International Monetary Fund crisis on the American agricultural economy, to the public's responsibility for sharing the farmer's risk.

One thing continues to stand out. Curbing inflation is still a major key to solving our economic and export trade problems and cutting government costs is vital to that effort.

American agriculture is being propelled into a new age. I'm personally convinced that we are on the threshold of a technological revolution that will surpass anything we've seen to date. We have to be ready for it.

It's going to require a great deal of leadership and foresight to meet the challenges that lie ahead. But by working together—just as you have done here at Gold Kist these past 50 years—I'm confident that we can help forge economic prosperity and a lasting peace among all nations in this world.

Thank you.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Secretary of Agriculture John R. Block before the House Agriculture Committee Hearings on World Hunger, Oct. 25.

Mr. Chairman and members of the committee: Thank you for this opportunity to discuss the issue of world hunger and my department's efforts to help combat this persistent problem. In recent months, the food crisis in Africa has once again brought the issue of world hunger to the front pages of our newspapers. It also has shown us the need to reexamine the scope of the problem and its causes.

Extent of the Problem

Estimates of the number of people in the world who are undernourished vary greatly, but the Food and Agriculture Organization of the United Nations puts the figure at nearly 500 million.

The toll that hunger and malnutrition take in the developing world is great. One child in four born in developing countries dies before the age of five—most as a result of malnutrition. Many of those who survive are physically and mentally scarred for life. Each year, 100,000 children reportedly go blind from the lack of vitamin A.

The world's population continues to climb and, even though the rate has slowed, over 82 million people were born in the last year. More than 9 out of 10 of these people were born in the developing world. The heart of world food problems lies in keeping up with the ever-increasing demand for food caused by population growth. By the year 2000 we will need to build world food output by 50 to 60 percent to feed over 6 billion people.

There is a positive aspect to the world food situation: so far, production has managed to keep pace with population—at least statistically. It's clear that the overall trend in world food production is favorable. The average consumption of calories per person has, in fact, gone up since 1960.

That is a remarkable feat given that the world's population has risen 50 percent. In most developing nations, the average amount of food produced per person has climbed steadily since the 1950's even though

the population of the developing world has almost doubled. Yearly growth in food production in the developing nations has averaged 3 percent since the 1950's—that is higher than the worldwide average of 2.6 percent and better than the record for most developed countries.

The problem is that the improvements have not been uniform. We have seen some good progress in Latin America and East Asia, but in recent years per capita food production in Africa actually had dropped. Part of the long-term difficulty there stems from rapid population growth—Africa has consistently had a much higher birth-rate than other regions and this has eroded any gains in food output. The African food crisis today is aggravated by a persistent and widespread drought that has hurt much of the continent in the last two years. The drought's effects are amplified by the fact that much of the farm land in Africa is marginal at best and there is relatively little irrigation.

The Food Crisis in Africa

Africa now has a serious food emergency. Farmers in 23 African countries with a population totaling 225 million face adverse conditions for food production. About 9 million people face serious nutritional threats and starvation already is occurring in some regions.

This past summer, the Food and Agriculture Organization called on the developed countries to provide 600,000 tons in food aid and \$60 million in assistance to these African nations. The United States has already allocated \$25 million in emergency food aid under Title II of PL-480. Roughly \$12-13 million was used in fiscal 1983. The Agency for International Development is earmarking the remaining funds for fiscal 1984.

Since June the food situation has worsened in both northern and southern Africa. Our current estimates are that the 23 countries affected by drought will have FY 1984 food aid needs of some 3.3 million tons in 1983/84, even after projected commercial purchases of a record 10.7 million tons. Responding to these needs will require a very heavy commitment to the regions of planned Title I and Title II reserves.

U.S. Efforts to Overcome Hunger

The United States has focused on three primary areas in its effort to overcome world hunger and the poverty that causes it: (1) food aid; (2) helping developing nations to improve their economies; and (3) promoting sound world agricultural policies.

Food Aid

Sometimes people forget that the United States' record of assistance to other nations is truly impressive and historically unique. Since 1946 we have given over \$157 billion in economic assistance to other countries and over \$106 billion of that was in the form of outright gifts and grants. The Food for Peace Program already has passed the \$40 billion mark. And we continue to give more food assistance than all other nations combined.

In addition to the Public Law 480 Title II assistance I have mentioned, food aid under the Title I/III program also is helping to fill the food gap in Africa as well as in other developing countries. While the total Title I/III commodity level will remain about the same, the initial allocations for Africa are above our initial allocations a year ago. Furthermore, based on past experience it is not unusual for these allocations to grow, especially during periods of difficult weather in a region.

Currently the FY 1984 Title I/III allocation plan identifies \$132.5 million of commodities for 14 countries in Africa. Additional allocations are identified for Morocco and Tunisia in North Africa totaling \$35 million.

The situation in Africa is being kept under review so that as additional needs are identified, the use of either Title I/III or Title II resources as most appropriate to meet the specific needs can be considered. Both Title I/III and Title II start a fiscal year with unallocated reserves to be able to respond to just such situations as are now occurring in Africa.

Our record of responding quickly to emergency requests is a good one, both in terms of approvals and in terms of physically moving the commodities quickly. This is a record we will maintain, although I

recognize that this year will be a difficult one with many demands falling on Public Law 480.

We've shown our concern for people in the developing world who do not have enough to eat. In the last two years we have taken steps to increase our assistance. USDA is working with the Agency for International Development to donate government-owned commodities to the needy abroad. Donations to 14 countries have already topped 83,000 tons. Last year, the administration set a new record for a pledge to the World Food Program of \$250 million—a strong 14 percent increase over the previous pledge. We also continue to make the largest contributions to international organizations that work to end hunger—among them the Food and Agriculture Organization, UNICEF and the international development banks.

Credit, extended by these and other financial institutions, has become increasingly important to help developing countries maintain economic stability through a period of financial distress.

The administration has strongly supported an increase of \$8.4 billion in the U.S. contribution to the International Monetary Fund for this purpose, and we have accelerated the use of our own credit programs. We more than doubled the funding authority available for the Commodity Credit Corporation's export credit guarantee program, to \$4.8 billion. We implemented a blended credit program to offer lower interest rates on farm product exports.

The two programs were used to finance \$5 billion in agricultural exports in fiscal 1983—two and one-half times the amount financed under CCC programs in fiscal 1982.

Improving the Economies of Developing Nations

A strong U.S. commitment to food aid is essential. But you and I know that it is not the solution to hunger and malnutrition in the developing world. For one thing, problems with storage, transportation and distribution often make it difficult to get food aid to those most in need. These same problems make it hard for developing nations to conserve the supplies they grow at home. In African countries, losses of some crops after harvest run as high as 60 percent. We must also be constantly on guard to prevent food aid from undermining agricultural

development in recipient countries and fostering dependence instead of self-reliance.

Ninety percent of the food in the world is consumed in the nations where it is produced. So real food security and a decrease in hunger rest in helping developing nations grow more food and store and distribute it more effectively to cut losses. Helping their agricultural economies will also put them in a position to earn more so they can buy food they need to import.

USDA is committed to sharing the benefits of U.S. expertise in agriculture. It is our policy to be totally unselfish in sharing agricultural technology with the developing world. That is why we have worked with AID, FAO and others to send over 800 technicians a year to 76 countries to carry out technical assistance projects. These projects include efforts to cut malnutrition in children in Latin America, overcome vitamin A deficiency in Indonesia, and improve development management in the Sahel. In the research area, we are working with other nations on 240 cooperative projects aimed at curbing crop disease and building food output.

We also conduct scientific exchanges with 30 developed and developing countries aimed at resolving world agricultural problems. Last year we had 124 exchanges involving 271 U.S. scientists.

Another way we share U.S. agricultural skill is through international training. Altogether, USDA has arranged or provided training for over 70,000 foreign agriculturists at the rate of over 2,000 a year.

We recognize the importance of strengthening agriculture economies in the developing world. More than half of U.S. assistance is in agriculture, rural development and nutrition. At USDA we realize the significance of development and we've worked closely with AID, the lead agency in that area.

Promoting Sound World Agricultural Policies

In all of this, we must remember that the answers do not ultimately lie with the United States. We cannot singlehandedly feed the world or build the economies of developing nations. These nations must have policies that promote farming and self-reliance. And we must have international policies that create the right climate for growth.

In June, I attended the World Food Council Ministerial in New York and in two weeks I will have the privilege of being chairman of the Food and Agriculture Organization's Conference in Rome. Both the WFC and FAO devote a great deal of their resources to combating world hunger. Many of their meetings focus on improving agricultural policy.

I have always felt that realistic agricultural policies—national and international—can go a long way toward solving world food problems. I raised several policy issues at the World Food Council and I will raise them again in Rome. They are: (1) the need for national reserves; (2) the importance of incentives for farmers; (3) the realities of comparative advantage; and (4) the tremendous potential of trade as a development tool.

National Reserves

I believe the United States has met its reserve responsibilities. Our 4-million-ton wheat reserve and reserves owned by farmers will ensure that we honor our food aid and commercial commitments. But other nations must share the burden of maintaining world food reserves. This is not our responsibility alone. All the major nations should play a role.

We continue to oppose internationally coordinated reserves. Instead, we have encouraged other countries to form their own national reserves. And we have offered technical assistance to developing nations to help them set up reserve systems.

Incentives for Farmers

There is no point in spending money on training, research and technical assistance—all the tools a farmer needs—if you don't give the farmer the incentive to produce. I've told agriculture ministers from other countries time and again that the best food security lies in having farmers who want to produce because they can make a profit. Developing nations must have policies that make farming profitable or their agriculture will never flourish. Even the centrally planned countries have begun to see that without incentives you cannot have a strong agricultural economy. The World Food Council has encouraged developing countries to design food sector strategies that link farm

policies with food policies. I think we are beginning to see more momentum in that direction.

Comparative Advantage

In the long term, as we look to the ultimate goal of world food security, we are going to have to look to a system in which countries produce what they produce well. By that I mean economically, using their comparative advantage. When countries are not able to produce some foods economically, they should buy those foods from someone in the world who does. I made that point a number of times at the United Nations. I am not in a position on my Illinois farm to grow bananas or coconuts. But I can grow corn. In the long run, agricultural development that ignores the realities of comparative advantage is far more likely to fail.

Trade as a Development Tool

No one can ignore the critical role that trade plays in the world agricultural economy and in efforts to build food security. The livelihoods of millions of farmers depend on international trade. What people tend to forget is the vital part that trade can play in development.

Freer agricultural trade could stimulate trade throughout the developing world. If the level of protectionism in agricultural trade were cut in half, economists estimate that developing nations could increase their exchange earnings by \$8.5 billion a year. That would provide a tremendous boost for their economies.

Even now, developing nations earn 17 times more through trade than they receive as aid. Trade is far more vital to their well-being than aid could ever be. Clearly, development efforts should place more emphasis on measures that stimulate trade.

President Reagan's Caribbean Basin Initiative is based on the principle that promoting more liberal trade and private investment can spur economic development. As you know, under that legislation the U.S. is authorized to remove our import duties on virtually all the Caribbean nations' agricultural products. We believe building trade is the key to economic development.

There are those who believe that helping the agricultural economies of the developing countries will increase competition and hurt U.S. producers. Nothing could be farther from the truth. Studies by USDA, the World Bank and others show that as a nation's economy strengthens and its foreign exchange earnings rise, a top priority is almost always more food, better food, and improved food security. In other words there is more demand for what the U.S. farmer has to offer.

Developing countries are the market of the future. They already buy half of our industrial exports and nearly a third of our food exports. In fiscal 1982, these countries bought \$14 billion worth of U.S. farm products. That helped hold down our trade deficit and created hundreds of thousands of jobs. By helping these nations build their economies we are also helping ourselves.

On the international scene, issues such as food aid, trade and development have all become intertwined. And working with the State Department, AID and Commerce, USDA is of necessity becoming something of an "agricultural statesman." By helping to promote prosperity abroad, we can foster stronger ties to the United States. Our work with the developing nations to overcome hunger and poverty also serves the larger interests of world economic stability and peace.

The issue of world hunger is a lot more complex than we thought it was 10 or 20 years ago. We still have a lot to learn about the best ways to attack the problem. But we are dedicated to finding a solution.

I will be glad to answer any questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA SCHEDULES HEARING ON PROPOSED CHANGE IN POTATO RESEARCH AND PROMOTION PLAN

WASHINGTON, Oct. 24—The U.S. Department of Agriculture has scheduled a public hearing Nov. 8 in Denver, Colo., to consider proposed changes in the industry-funded Potato Research and Promotion Plan.

The hearing will start 9:30 a.m. in room 158, New Customhouse, 721 19th St.

Charles Brader, a marketing official with USDA's Agricultural Marketing Service, said the Potato Board submitted the proposed amendment and request for the hearing. The board works with USDA in administering the nationally coordinated research and promotion program.

The program, authorized by Congress in the Potato Research and Promotion Act, is financed by an assessment on potatoes handled. Producers who do not wish to contribute are reimbursed upon written request.

The proposal would authorize an increase in the maximum rate of assessment from 1 cent per hundredweight to not more than one-half of 1 percent of the past 10-year U.S. average price received by growers, as reported by USDA. Brader said the increase is intended to counteract inflation which has curtailed program activities in recent years.

USDA has recommended an additional change to the plan to authorize public representation on the board. This change would be consistent with USDA's policy on research and promotion programs, Brader said.

"If sufficient evidence is developed at the hearing to support the proposed amendment—or appropriate revisions of it—the changes will be submitted for producers' approval in a referendum," Brader said.

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NEW YORK MEAT COMPANY PRESIDENT SENTENCED FOR CONSPIRACY

WASHINGTON, Oct. 24—Leopold Koppel, president of Fort Plain Packing Co., Fort Plain, N.Y., has been given a suspended one-year and a day prison term, placed on three years probation and fined \$10,000 for violations of federal meat inspection laws, according to the U.S. Department of Agriculture.

The U.S. District Court in Syracuse, N.Y., also fined the Fort Plain Packing Co. \$10,000. The fines are the maximum allowed by law for either an individual or a firm.

"Koppel pleaded guilty last July for himself and his firm to charges of conspiracy to defraud the government and conspiracy to feloniously violate the Federal Meat Inspection Act," said Donald Houston, administrator of USDA's Food Safety and Inspection Service.

"Koppel admitted in an affidavit that he and his employees, at his direction, committed specific violations, including processing products made from carcasses of cattle that had died other than by slaughter, slaughtering uninspected cattle, removing internal organs before inspection and concealing damaged or inferior carcasses presented for inspection by cutting away abnormalities," Houston said.

Koppel also said in the affidavit that he was able to carry out these criminal activities by distracting, harrassing, intimidating, obstructing and verbally abusing USDA inspectors, Houston said.

"USDA has initiated administrative proceedings to withdraw inspection services from the firm," Houston said. "Without inspection services the company cannot market its products since all meat sold in interstate commerce must be passed by federal meat inspectors."

USDA's Food Safety and Inspection Service is responsible for assuring that meat products sold in interstate commerce are wholesome, unadulterated and truthfully labeled.

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USDA WITHDRAWS POULTRY INSPECTION FROM GEORGIA FIRM

WASHINGTON, Oct. 24—An administrative law judge for the U.S. Department of Agriculture has ordered federal poultry inspection services withdrawn from Elberton Poultry Co., Elberton, Ga., for 14 days beginning Dec. 24.

Judge William J. Weber issued the withdrawal order after the firm and USDA reached a consent agreement on sanctions for the firm's December 1982 felony conviction for violating the Poultry Products Inspection Act.

"Without federal inspection services a company cannot slaughter, process or label its products since all meat and poultry sold in interstate commerce must be passed by federal inspectors," said Donald Houston, administrator of USDA's Food Safety and Inspection Service.

"This action stems from the firm's illegal transportation of contaminated poultry product in interstate commerce," Houston said.

In addition to the 14-day withdrawal period, Weber placed the firm on one year's probation. If the firm violates federal poultry inspection laws during this year, which will end Sept. 20, 1984, USDA can immediately withdraw inspection services.

Under the Poultry Products Inspection Act, only wholesome, unadulterated and accurately labeled poultry products may be sold in commerce.

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USDA INCREASES SOME FEES FOR COTTON TESTS AT CLEMSON LABORATORY

WASHINGTON, Oct. 24—The U.S. Department of Agriculture has increased fees charged for 18 of 64 cotton tests performed at the Clemson Laboratory.

Jesse F. Moore, cotton official with USDA's Agricultural Marketing Service, said the fees for eight tests will be increased by less than 10 percent and fees for six tests will be increased from 10 to 20 percent.

Four tests, which represent test methods little used by the public, will be increased by larger percentages.

The increases for the 18 tests are needed to bring the test fees in line with current costs, Moore said. He said fees for the remaining 46 tests require no adjustment at this time.

USDA also will discontinue minimum fees for nine items on the testing list, Moore said.

The action follows a public comment period that ended Oct. 13 and will become effective upon publication in the Oct. 24 Federal Register.

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FLORIDA MEAT FIRM SIGNS CONSENT DECISION WITH USDA

WASHINGTON, Oct. 24—Lykes Brothers, Inc., a meat processing establishment in Plant City, Fla., has entered into a consent decision with the U.S. Department of Agriculture to settle alleged violations of the Agricultural Marketing Act.

Vern Highley, administrator of USDA's Agricultural Marketing Service, said a USDA administrative law judge has approved a consent decision denying grading and acceptance services to the company.

The decision stipulates actual withdrawal of services for 30 days, effective Dec. 15, with an additional five months to be held in abeyance as long as the company complies with the Agricultural Marketing Act and regulations issued under the act.

USDA alleged that boxes of beef were improperly stamped as having been officially certified. USDA also alleged that an employee of the firm illegally loaned money to a federal meat grader assigned to the plant. The consent decision does not constitute an admission of guilt.

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FOOD PRICES REMAIN STABLE IN SEPTEMBER

WASHINGTON, Oct. 25—The consumer price index for food in September rose 0.1 percent above the August level (before seasonal adjustment), according to the monthly consumer price index released today by the U.S. Department of Labor.

Prices for food bought in grocery stores in September remained unchanged from the August level, and were only 0.7 percent above September a year ago. Prices for food purchased away from home rose 0.4 percent in September and were 4 percent above a year earlier.

According to Assistant Secretary of Agriculture William Leshner, "Food prices are likely to remain stable for the rest of the year due to large supplies of meats. Food prices are now only 1.7 percent higher than a year ago".

Beef and veal prices fell 1 percent in September, reflecting large supplies. The large supplies are the result of producers reducing cattle inventories in response to higher feed costs and poor forage conditions caused by the summer drought. Pork prices rose 0.2 percent in September, but were still 9.7 percent below a year earlier.

Egg prices jumped 5.2 percent, the result of lower production. Poultry prices rose 1.9 percent due to lower broiler production. However, turkey prices declined 2.2 percent.

The rise in fresh vegetable prices was led by a 14.7 percent increase in lettuce prices as hot weather in the Salinas Valley reduced supplies.

Prices of fats and oils increased 2.6 percent due primarily to higher prices for cooking oils. This is the first significant rise in the fats and oils category this year and reflects higher soybean prices resulting from the summer drought.

September Retail Food Prices, Percent Change for Selected Items

Items	August to September		September 1982 to September 1983
	Not seasonally adjusted	Seasonally adjusted	
<i>Percent change</i>			
All food	0.1	0.3	1.7
Food away from home	0.4	0.5	4.0
Food at home	0.0	0.2	0.7
Meats	-0.6	-0.9	-5.7
Beef and veal	-1.0	-0.5	-4.0
Pork	0.2	-1.6	-9.7
Other meats	-0.8	*	-3.5
Poultry	1.9	*	4.2
Eggs	5.2	3.4	10.3
Fish and seafood	0.0	-0.5	0.9
Dairy products	0.0	*	1.3
Fats and oils	2.6	*	2.5
Cereals and bakery prods.	-0.1	*	3.2
Fruits and vegetables	-0.6	1.6	4.8
Nonalcoholic beverages	0.1	0.1	1.7
Sugar and sweets	0.2	*	1.4
Other prepared foods	0.3	*	2.9

* A seasonally adjusted index is not available for these items.

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USDA JOINS PROGRAM TO RESTORE RURAL AMERICA'S SMALL TOWNS

SAN ANTONIO, Texas, Oct. 27—The U.S. Department of Agriculture today joined the National Trust for Historic Preservation in a program to restore the small towns of rural America as centers of new commercial growth.

Frank W. Naylor, Jr., under secretary of agriculture for small community and rural development, said USDA will provide \$250,000 to support the National Trust's Main Street program through a cooperative agreement with the National Endowment for the Arts. He made the announcement at the 37th annual conference of the National Trust held in San Antonio.

The Main Street program has helped restore the architectural beauty, commercial activity and tourist interest in central business districts of dozens of small American towns. In three years, the projects in 30 communities have attracted more than \$60 million in private investment and helped initiate 355 new downtown business ventures in those communities.

The USDA funds, provided through the Office of Rural Development Policy, will help underwrite training seminars and instructional materials for rural government leaders and private investors seeking to adapt the Main Street approach in hundreds more rural communities.

Current Main Street communities are in Colorado, Georgia, Massachusetts, North Carolina, Pennsylvania and Texas. USDA officials hope to expand the program into many other communities through the use of videocassette training programs and a nationwide training institute for rural leaders.

"Main Street is more than a fond image of the past," Naylor said. "It is a vision of the future as well, providing new jobs while preserving the heart and soul of rural America."

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